

**REPORT OF THE AUDIT OF THE  
ANDERSON COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Steve L. Cornish, Anderson County Judge/Executive

Members of the Anderson County Fiscal Court

The enclosed report prepared by Mountjoy & Bressler, LLP, Certified Public Accountants, presents the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Mountjoy & Bressler, LLP, to perform the audit of these financial statements. We worked closely with the firm during our report review process; Mountjoy & Bressler, LLP, evaluated Anderson County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**ANDERSON COUNTY FISCAL COURT**

**June 30, 2009**

Mountjoy & Bressler, LLP has completed the audit of the Anderson County Fiscal Court for fiscal year ended June 30, 2009.

We have issued an unqualified opinion on the governmental activities, each major fund, and aggregate remaining fund information of Anderson County, Kentucky.

**Financial Condition:**

The fiscal court had net assets of \$6,146,771 as of June 30, 2009. The fiscal court had unrestricted net assets of \$1,539,050 in its governmental activities as of June 30, 2009. The fiscal court had total debt principal as of June 30, 2009 of \$1,995,028 with \$211,737 due within the next year.

**Report Comments:**

- 2009-1    The Fiscal Court Should Pay All Expenditures Within 30 Days In Accordance With KRS 65.140  
2009-2    The Fiscal Court Should Not Have Negative Fund Balances

**Deposits:**

The Fiscal Court's deposits, as of June 30, 2009, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured                      \$308,770

The Fiscal Court's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Fiscal Court's deposits in accordance with the security agreement.



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To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Steve L. Cornish, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements - modified cash basis, as listed in the table of contents. These financial statements are the responsibility of the Anderson County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Anderson County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Kentucky, as of June 30, 2009, and the respective changes in financial position - modified cash basis, thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

The County has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information on pages 32-40 is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit it and express no opinion on it.

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Steve L. Cornish, Anderson County Judge/Executive

Members of the Anderson County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements - modified cash basis that collectively comprise Anderson County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2009 on our consideration of Anderson County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2009-1 The Fiscal Court Should Pay All Expenditures Within 30 Days In Accordance With KRS 65.140
- 2009-2 The Fiscal Court Should Not Have Negative Fund Balances

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy & Bressler, LLP

November 30, 2009

ANDERSON COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

Steve L. Cornish	County Judge/Executive
John Wayne Conway	Magistrate
Forrest Stevens	Magistrate
David Ruggles	Magistrate
"Buddy" Sims	Magistrate
Juretta Wells	Magistrate
Larry Smith	Magistrate

**Other Elected Officials:**

Bobbi Jo Lewis	County Attorney
Joani Clark	Jailer
Jason Denny	County Clerk
Jan Rogers	Circuit Court Clerk
Troy Young	Sheriff
Beverly Stivers	Property Valuation Administrator
Brian Ritchie	Coroner

**Appointed Personnel:**

W. Dudley Shryock	County Treasurer
Rick Waddle	Finance Officer
Cheryl Peach	Deputy Judge Executive

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**ANDERSON COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**ANDERSON COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,623,960
Total Current Assets	<u>1,623,960</u>
Noncurrent Assets:	
Capital Assets - Net of Accumulated Depreciation	
Land and Land Improvements	1,046,901
Buildings	2,980,641
Other Equipment	396,598
Vehicles and Equipment	375,905
Infrastructure	<u>1,717,794</u>
Total Noncurrent Assets	<u>6,517,839</u>
Total Assets	<u>8,141,799</u>
<b>LIABILITIES</b>	
Current Liabilities	
Financing Obligations	<u>211,737</u>
Total Current Liabilities	<u>211,737</u>
Noncurrent Liabilities:	
Financing Obligations	<u>1,783,291</u>
Total Noncurrent Liabilities	<u>1,783,291</u>
Total Liabilities	<u>1,995,028</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	4,522,811
Restricted For:	
Capital Projects	51,773
Debt Service	33,137
Unrestricted	<u>1,539,050</u>
Total Net Assets	<u>\$ 6,146,771</u>

The accompanying notes are an integral part of the financial statements.

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**ANDERSON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**ANDERSON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

<b>Functions/Programs Reporting Entity</b>	<b>Expenses</b>	<b>Program Revenues Received</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental Activities:				
General Government	\$ 2,406,886	\$ 80,300	\$	\$
Protection to Persons and Property	2,340,356	1,204,330	31,953	53,919
General Health and Sanitation	290,029	192,540	39,212	
Social Services	39,500			
Recreation and Culture	356,239	77,319	1,000	
Roads	624,432	864,019	131,011	
Interest on Long-Term Debt	131,953			
Capital Projects	10,418			
Total Governmental Activities	<u>\$ 6,199,813</u>	<u>\$ 2,418,508</u>	<u>\$ 203,176</u>	<u>\$ 53,919</u>

**General Revenues:**

Taxes:

Real Property Taxes  
Personal Property Taxes  
Motor Vehicle Taxes  
Delinquent Taxes  
Insurance Premium Taxes  
Telephone Tax  
Other Taxes

Excess Fees

E-911 Wireless

Licenses and Permits

Rental Revenue

Reimbursements

Miscellaneous Revenues

Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 For The Year Ended June 30, 2009  
 (Continued)

<u>Net (Expenses) Revenues and Changes in Net Assets</u>	
<u>Governmental Activities</u>	
\$	(2,326,586)
	(1,050,154)
	(58,277)
	(39,500)
	(277,920)
	370,598
	(131,953)
	(10,418)
\$	(3,524,210)
	1,412,674
	94,039
	161,665
	24,738
	985,968
	179,449
	189,143
	212,644
	100,118
	141,536
	269,596
	177,575
	76,891
	19,534
	4,045,570
	521,360
	5,625,411
\$	6,146,771

The accompanying notes are an integral part of the financial statements.

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**ANDERSON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

**ANDERSON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>LGEA Fund</b>	<b>AEMS Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 58,969	\$ 104,331	\$	\$ 215,820	\$
Total Assets	<u>58,969</u>	<u>104,331</u>		<u>215,820</u>	
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Shortage			4,718		26,430
Total Liabilities			<u>4,718</u>		<u>26,430</u>
<b>FUND BALANCES</b>					
Unreserved:					
General Fund	58,969				
Special Revenue Funds		104,331	(4,718)	215,820	(26,430)
Debt Service Fund					
Capital Projects Funds					
Total Fund Balances	<u>58,969</u>	<u>104,331</u>	<u>(4,718)</u>	<u>215,820</u>	<u>(26,430)</u>
Total Liabilities and Fund Balances	<u>\$ 58,969</u>	<u>\$ 104,331</u>	<u>\$</u>	<u>\$ 215,820</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY  
 BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 JUNE 30, 2009  
 (Continued)

Capital Outlay Fund	E-911 Cellular Fund	Communication Center Fund	Park Fund	Non- Major Funds	Total Governmental Funds
\$ 317,145	\$ 329,517	\$ 235,726	\$ 210,519	\$ 211,520	\$ 1,683,547
317,145	329,517	235,726	210,519	211,520	1,683,547
				28,439	59,587
				28,439	59,587
					58,969
317,145	329,517	235,726	210,519	98,171	1,480,081
				33,137	33,137
				51,773	51,773
317,145	329,517	235,726	210,519	183,081	1,623,960
\$ 317,145	\$ 329,517	\$ 235,726	\$ 210,519	\$ 211,520	\$ 1,683,547

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:**

Total Fund Balances	\$ 1,623,960
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported in the Funds.	12,907,552
Accumulated Depreciation	(6,389,713)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Financing Obligations	(1,995,028)
Net Assets Of Governmental Activities	\$ 6,146,771

The accompanying notes are an integral part of the financial statements.

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**ANDERSON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**ANDERSON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>LGEA Fund</u>	<u>AEMS Fund</u>
<b>REVENUES</b>					
Taxes	\$ 1,882,259	\$	\$	\$	\$
Excess Fees	212,644				
Licenses and Permits	83,860				
Intergovernmental	319,298	865,934	83,858	131,011	64,088
Charges for Services	192,540		8,445		1,112,027
Miscellaneous	194,988	3,500			21,784
Interest	4,177	228			
Total Revenues	<u>2,889,766</u>	<u>869,662</u>	<u>92,303</u>	<u>131,011</u>	<u>1,197,899</u>
<b>EXPENDITURES</b>					
General Government	927,007				
Protection to Persons and Property	138,630		755,412	2,389	1,142,458
General Health and Sanitation	283,663				
Social Services	39,500				
Recreation and Culture				4,500	
Roads		996,057		103,111	
Debt Service	94,243	26,808			164,856
Capital Projects		10,418			
Administration	<u>1,189,200</u>				
Total Expenditures	<u>2,672,243</u>	<u>1,033,283</u>	<u>755,412</u>	<u>110,000</u>	<u>1,307,314</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>217,523</u>	<u>(163,621)</u>	<u>(663,109)</u>	<u>21,011</u>	<u>(109,415)</u>
<b>Other Financing Sources (Uses)</b>					
Financing Obligation Proceeds	55,022				
Transfers From Other Funds	87,663		666,163		156,842
Transfers To Other Funds	<u>(240,000)</u>				
Total Other Financing Sources (Uses)	<u>(97,315)</u>		<u>666,163</u>		<u>156,842</u>
Net Change in Fund Balances	120,208	(163,621)	3,054	21,011	47,427
Fund Balances - Beginning (Restated)	<u>(61,239)</u>	<u>267,952</u>	<u>(7,772)</u>	<u>194,809</u>	<u>(73,857)</u>
Fund Balances - Ending	<u>\$ 58,969</u>	<u>\$ 104,331</u>	<u>\$ (4,718)</u>	<u>\$ 215,820</u>	<u>\$ (26,430)</u>

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 For The Year Ended June 30, 2009  
 (Continued)

Capital Outlay Fund	E-911 Cellular Fund	Communication Center Fund	Park Fund	Non- Major Funds	Total Governmental Funds
\$ 985,968	\$	\$	\$	\$ 179,449	\$ 3,047,676
					212,644
57,676					141,536
	100,118		1,000	92,832	1,658,139
			77,319		1,390,331
			29,841	1,200	251,313
14,460		261		408	19,534
1,058,104	100,118	261	108,160	273,889	6,721,173
4,107				200,015	1,131,129
	60,023			140,904	2,239,816
				2,528	286,191
					39,500
99,994			211,615		316,109
					1,099,168
			94,365	107,515	487,787
					10,418
				93	1,189,293
104,101	60,023		305,980	451,055	6,799,411
954,003	40,095	261	(197,820)	(177,166)	(78,238)
					55,022
			197,820	144,100	1,252,588
(973,078)	(94)	(39,416)			(1,252,588)
(973,078)	(94)	(39,416)	197,820	144,100	55,022
(19,075)	40,001	(39,155)		(33,066)	(23,216)
336,220	289,516	274,881	210,519	216,147	1,647,176
\$ 317,145	\$ 329,517	\$ 235,726	\$ 210,519	\$ 183,081	\$ 1,623,960

The accompanying notes are an integral part of the financial statements.

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**ANDERSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**ANDERSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ (23,216)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	713,599
Depreciation Expense	(468,335)
Book Value - Disposed Assets	(1,500)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while financing obligations payments are expensed in the Governmental Funds. These transactions, however, have no effect on net assets.

Financing Obligation Proceeds	(55,022)
Financing Obligations Principal Payments	355,834

Change in Net Assets of Governmental Activities	\$ 521,360
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TO THE FINANCIAL STATEMENTS**

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**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Anderson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service.

**C. Anderson County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Anderson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Anderson County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1, following the assessment, and subject to lien and sale February 1, following the delinquency date.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Local Government Economic Assistance (LGEA) Fund - The primary purpose of this fund is to account for economic development within the county. The primary sources of for this fund are reimbursements from the state government.

AEMS Fund - The primary purpose of this fund is to account for the emergency medical response system of the county. The primary sources of revenue for this fund are AEMS Collections, borrowed funds, and transfers from the Capital Outlay Fund.

Capital Outlay Fund - The primary purpose of this fund is to help maintain other funds. The primary sources of revenue are insurance premium tax. The majority of the fund's money is transferred to other funds to operate their budgets.

Emergency 911 Cellular Fund - The purpose of this fund is to account for wireless 911 cellular revenues and disbursements. The sole source of revenue for this fund is E-911 cellular receipts.

Communication Center Fund - The primary purpose of this fund is to account for dispatch revenue received within the county. The fund's primary source of revenue is dispatch revenue.

Park Fund - The primary purpose of this fund is to account for park revenues and disbursements. The primary source of revenues for this fund are charges to participate in county/city sport leagues.

The primary government also has the following non-major funds: Court Fine Courthouse Repair Fund, Emergency 911 Fund, Park Land Acquisition Fund, and AOC Escrow Fund.

Special Revenue Funds:

The Road Fund, Jail Fund, AEMS Fund, Communication Center Fund, Emergency 911 Cellular Fund, LGEA Fund, Park Fund, Court Fine Courthouse Repair Fund, and the Emergency 911 Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Capital Projects Funds:

Capital Projects Fund accounts for financial resources to be used for acquisition of major capital facilities. The Park Land Acquisition Fund is reported as a Capital Project Fund.

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Debt Service Fund:

Debt Service Fund accounts for the accumulation of resources for the payment of long-term principal and interest and includes funds for the AOC Escrow Fund. This fund was established to hold money deposited by the Administrative Office of the Courts (AOC) to provide for their portion of the debt service obligation for the courthouse renovation as agreed upon in a sublease agreement with the county. AOC deposits the biannual required amount, then the trustee makes the debt service payment directly to Kentucky Association of Counties Leasing Trust (KACOLT). The county pays KACOLT for the remainder of the debt service requirement out of the General Fund.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 10,000	40
Buildings and Building Improvements	\$ 25,000	40
Machinery and Equipment	\$ 10,000	10
Vehicles	\$ 10,000	10
Infrastructure	\$ 20,000	10

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Long-Term Obligations**

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**J. Change In Required Disclosures**

Financial Accounting Standard 165 – Subsequent Events was adopted as of June 30, 2009. The Fiscal Court evaluated events occurring between the end of its most recent fiscal year and November 25, 2009, the date the financial statements were issued.

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 2. Deposits**

The primary government maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) in accordance with KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, the government's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the government's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$308,770

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,046,901	\$	\$	\$ 1,046,901
Total Capital Assets Not Being Depreciated	1,046,901			1,046,901
Capital Assets, Being Depreciated:				
Buildings	7,550,784	39,806		7,590,590
Other Equipment	553,143	135,600	(45,000)	643,743
Vehicles and Equipment	1,101,203	62,278		1,163,481
Infrastructure	1,986,922	475,915		2,462,837
Total Capital Assets Being Depreciated	11,192,052	713,599	(45,000)	11,860,651
Less Accumulated Depreciation For:				
Buildings (Restated)	(4,496,591)	(113,358)		(4,609,949)
Other Equipment	(232,674)	(57,971)	43,500	(247,145)
Vehicles and Equipment	(695,806)	(91,770)		(787,576)
Infrastructure	(539,807)	(205,236)		(745,043)
Total Accumulated Depreciation	(5,964,878)	(468,335)	43,500	(6,389,713)
Total Capital Assets, Being Depreciated, Net	5,227,174	245,264	(1,500)	5,470,938
Governmental Activities Capital Assets, Net	\$ 6,274,075	\$ 245,264	\$ (1,500)	\$ 6,517,839

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 84,964
Protection to Persons and Property	100,540
General Health and Sanitation	3,838
Recreation and Culture	40,130
Roads, Including Depreciation of General Infrastructure Assets	<u>238,863</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 468,335</u>

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt**

**A. Courthouse Annex**

Anderson County entered into a \$1,448,000 lease agreement on June 24, 1997, with the Kentucky Association of Counties Leasing Trust for the construction of a courthouse annex. The agreement requires monthly interest payments and an annual principal payment due each January 20. The effective interest rate is 5.0%, and the agreement is to be paid in full by June 20, 2017. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$810,000 as of June 30, 2009. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 85,000	\$ 38,729
2011	89,000	34,396
2012	94,000	29,842
2013	98,000	25,058
2014	103,000	20,054
2015-2017	341,000	27,546
Totals	<u>\$ 810,000</u>	<u>\$ 175,625</u>

**B. Anderson County Park Project**

Anderson County entered into a \$950,000 lease agreement on June 18, 2001, with the Kentucky Association of Counties Leasing Trust for the completion of the Anderson County Park project. The agreement requires monthly interest payments and an annual principal payment due each January 20. The effective interest rate is 4.38%, and the agreement is to be paid in full by January 20, 2021. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$665,000 as of June 30, 2009. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 45,000	\$ 30,374
2011	45,000	28,259
2012	45,000	26,144
2013	50,000	23,931
2014	50,000	21,581
2015-2019	295,000	68,714
2020-2021	135,000	6,990
Totals	<u>\$ 665,000</u>	<u>\$ 205,993</u>



**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**C. Park Land**

Anderson County entered into a \$499,000 lease agreement on January 9, 2004, with the Kentucky Association of Counties Leasing Trust to purchase park land. The agreement requires monthly principal and interest payments. The lease agreement is subject to an adjustable interest rate with a base rate of 2.25%, and the agreement is to be paid in full by January 20, 2024. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$391,987 as of June 30, 2009. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 21,737	\$ 19,274
2011	22,402	18,159
2012	23,085	17,043
2013	23,790	15,862
2014	24,517	14,654
2015-2019	134,286	53,823
2020-2024	142,170	17,662
Totals	<u>\$ 391,987</u>	<u>\$ 156,477</u>

**D. Road Equipment**

Anderson County entered into a \$164,981 lease agreement on January 22, 2004, with the Kentucky Association of Counties Leasing Trust to purchase road equipment. The agreement requires monthly principal and interest payments. The effective interest rate is 2.18%, and the agreement is to be paid in full by February 20, 2009. This lease was paid off during the fiscal year ending June 30, 2009.

**E. Ambulances**

Anderson County entered into a \$150,000 lease agreement on September 30, 2005, with the Kentucky Association of Counties Leasing Trust to purchase two ambulances. The agreement requires monthly interest payments and an annual principal payment. The effective interest rate is 3.524%, and the agreement is to be paid in full July 20, 2009. This lease was paid off during the fiscal year ending June 30, 2009.

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**F. Heart Monitors**

Anderson County entered into a \$143,019 lease agreement on November 28, 2006, with the Kentucky Association of Counties Leasing Trust to purchase heart monitors. The agreement requires monthly interest payments and an annual principal payment. The effective interest rate is 3.54%, and the agreement is to be paid in full July 20, 2010. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$73,019 as of June 30, 2009. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 35,000	\$ 2,020
2011	38,019	160
Totals	<u>\$ 73,019</u>	<u>\$ 2,180</u>

**G. Solid Waste/Animal Shelter Vehicles**

Anderson County entered into a \$30,301 lease agreement on April 11, 2007, with the Kentucky Association of Counties Leasing Trust to purchase vehicles for Solid Waste and Animal Shelter. The agreement requires monthly principal and interest payments. The effective interest rate is 3.72%, and the agreement is to be paid in full April 20, 2009. This lease was paid off during the fiscal year ending June 30, 2009.

**H. Ambulance**

Anderson County entered into a \$75,000 lease agreement on July 5, 2007, with the Kentucky Association of Counties Leasing Trust to purchase an ambulance for the Anderson County Emergency Management Services. The agreement requires one annual principal payment and monthly interest payments. The effective interest rate is 4.25%, and the agreement is to be paid in full July 20, 2009. This lease was paid off during the fiscal year ending June 30, 2009.

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**I. Sheriff's Vehicles**

Anderson County entered into a \$55,022 lease agreement on November 17, 2008, with the Kentucky Association of Counties Leasing Trust to purchase four police cruisers for the Anderson County Sheriff's Department. The agreement requires annual principal payments and monthly interest payments. The effective interest rate is 3.862%, and the agreement is to be paid in full October 20, 2010. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$55,022 as of June 30, 2009.

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 25,000	\$ 1,481
2011	30,022	453
	<u>\$ 55,022</u>	<u>\$ 1,934</u>

**J. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Financing Obligations	\$ 2,295,840	\$ 55,022	\$ 355,834	\$ 1,995,028	\$ 211,737
Governmental Activities					
Long-term Liabilities	<u>\$ 2,295,840</u>	<u>\$ 55,022</u>	<u>\$ 355,834</u>	<u>\$ 1,995,028</u>	<u>\$ 211,737</u>

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Employee Retirement System**

The fiscal court elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 29.50 percent. These actuarially determined rates are established and amended by the Board of Trustees of the system and were equal to the required contribution for the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 6. Deferred Compensation**

On February 24, 2000, the Anderson County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 7. Insurance**

For the fiscal year ended June 30, 2009, Anderson County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**ANDERSON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 8. Prior Period Adjustment**

The beginning balance for Governmental Activities and the General Fund were increased by \$23,083 to account for voided checks from the prior period.

Ending Net Assets - June 30, 2008	\$	5,602,328
Voided Checks - General Fund		<u>23,083</u>
Ending Net Assets - June 30, 2008 (Restated)	\$	<u><u>5,625,411</u></u>

Fund Balance Adjustment:

General Fund Balance - June 30, 2008	\$	(84,322)
Voided Checks		<u>23,083</u>
General Fund Balance - June 30, 2008 (Restated)	\$	<u><u>(61,239)</u></u>

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**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**





**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 1,647,806	\$ 1,647,806	\$ 1,882,259	\$ 234,453
Excess Fees		212,644	212,644	
Licenses and Permits	66,000	66,000	83,860	17,860
Intergovernmental Revenue	71,200	159,200	319,298	160,098
Charges for Services	175,000	175,000	192,540	17,540
Miscellaneous	261,500	261,500	194,988	(66,512)
Interest	2,500	2,500	4,177	1,677
Total Revenues	<u>2,224,006</u>	<u>2,524,650</u>	<u>2,889,766</u>	<u>365,116</u>
<b>EXPENDITURES</b>				
General Government	827,700	1,013,721	927,007	86,714
Protection to Persons and Property	41,508	47,230	138,630	(91,400)
General Health and Sanitation	263,464	300,283	283,663	16,620
Social Services	39,500	39,500	39,500	
Debt Service	56,020	56,020	94,243	(38,223)
Administration	1,236,936	1,277,018	1,189,200	87,818
Total Expenditures	<u>2,465,128</u>	<u>2,733,772</u>	<u>2,672,243</u>	<u>61,529</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(241,122)</u>	<u>(209,122)</u>	<u>217,523</u>	<u>426,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Financing Obligation Proceeds			55,022	55,022
Transfers From Other Funds	138,273	138,273	87,663	(50,610)
Transfers To Other Funds		(32,000)	(240,000)	(208,000)
Total Other Financing Sources (Uses)	<u>138,273</u>	<u>106,273</u>	<u>(97,315)</u>	<u>(203,588)</u>
Net Changes in Fund Balance	(102,849)	(102,849)	120,208	223,057
Fund Balance - Beginning (Restated)	<u>102,849</u>	<u>102,849</u>	<u>(61,239)</u>	<u>(164,088)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 58,969</u>	<u>\$ 58,969</u>

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 860,114	\$ 860,114	\$ 865,934	\$ 5,820
Miscellaneous		47,425	3,500	(43,925)
Interest			228	228
Total Revenues	860,114	907,539	869,662	(37,877)
<b>EXPENDITURES</b>				
Roads	759,114	1,015,732	996,057	19,675
Debt Service	36,000	36,000	26,808	9,192
Capital Projects	65,000	105,807	10,418	95,389
Total Expenditures	860,114	1,157,539	1,033,283	124,256
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)		(250,000)	(163,621)	86,379
Net Changes in Fund Balance		(250,000)	(163,621)	86,379
Fund Balance - Beginning		250,000	267,952	17,952
Fund Balance - Ending	\$	\$	\$ 104,331	\$ 104,331

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>JAIL FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 63,420	\$ 63,420	\$ 83,858	\$ 20,438
Charges For Services			8,445	8,445
Total Revenues	63,420	63,420	92,303	28,883
<b>EXPENDITURES</b>				
Protection to Persons and Property	743,704	755,412	755,412	
Total Expenditures	743,704	755,412	755,412	
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(680,284)	(691,992)	(663,109)	28,883
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	680,284	680,284	666,163	(14,121)
Total Other Financing Sources (Uses)	680,284	680,284	666,163	(14,121)
Net Changes in Fund Balance		(11,708)	3,054	14,762
Fund Balance - Beginning		11,708	(7,772)	(19,480)
Fund Balance - Ending	\$	\$	\$ (4,718)	\$ (4,718)

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 131,011	\$ 21,011
Total Revenues	110,000	110,000	131,011	21,011
<b>EXPENDITURES</b>				
Protection to Persons and Property	2,389	2,389	2,389	
Recreation and Culture	4,500	4,500	4,500	
Roads	103,111	103,111	103,111	
Total Expenditures	110,000	110,000	110,000	
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)			21,011	21,011
Net Changes in Fund Balance			21,011	21,011
Fund Balance - Beginning			194,809	194,809
Fund Balance - Ending	\$	\$	\$ 215,820	\$ 215,820

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>AEMS FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts,</b>	<b>Final Budget</b>
			<b>(Budgetary</b>	<b>Positive</b>
			<b>Basis)</b>	<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 23,000	\$ 23,000	\$ 64,088	\$ 41,088
Charges for Services	1,025,000	1,025,000	1,112,027	87,027
Miscellaneous	25,000	25,000	21,784	(3,216)
Total Revenues	1,073,000	1,073,000	1,197,899	124,899
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,242,280	1,157,044	1,142,458	14,586
Debt Service	90,202	165,910	164,856	1,054
Total Expenditures	1,332,482	1,322,954	1,307,314	15,640
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(259,482)	(249,954)	(109,415)	140,539
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	264,482	264,482	156,842	(107,640)
Total Other Financing Sources (Uses)	264,482	264,482	156,842	(107,640)
Net Changes in Fund Balance	5,000	14,528	47,427	32,899
Fund Balance - Beginning	(5,000)	(14,528)	(73,857)	(59,329)
Fund Balance - Ending	\$	\$	\$ (26,430)	\$ (26,430)

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>E-911 CELLULAR FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 35,500	\$ 35,500	\$ 100,118	\$ 64,618
Total Revenues	35,500	35,500	100,118	64,618
<b>EXPENDITURES</b>				
Protection to Persons and Property	65,500	65,500	60,023	5,477
Total Expenditures	65,500	65,500	60,023	5,477
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(30,000)	(30,000)	40,095	70,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds			(94)	(94)
Total Other Financing Sources (Uses)			(94)	(94)
Net Changes in Fund Balances	(30,000)	(30,000)	40,001	70,001
Fund Balances - Beginning	30,000	30,000	289,516	259,516
Fund Balances - Ending	\$	\$	\$ 329,517	\$ 329,517

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>CAPITAL OUTLAY FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 900,000	\$ 900,000	\$ 985,968	\$ 85,968
License and Permits	35,000	35,000	57,676	22,676
Interest Earned	6,000	6,000	14,460	8,460
Total Revenues	941,000	941,000	1,058,104	117,104
<b>EXPENDITURES</b>				
General Government	10,000	10,000	4,107	5,893
Recreation and Culture	99,994	99,994	99,994	
Total Expenditures	109,994	109,994	104,101	5,893
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	831,006	831,006	954,003	122,997
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	(1,281,006)	(1,281,006)	(973,078)	307,928
Total Other Financing Sources (Uses)	(1,281,006)	(1,281,006)	(973,078)	307,928
Net Changes in Fund Balance	(450,000)	(450,000)	(19,075)	430,925
Fund Balance - Beginning	450,000	450,000	336,220	(113,780)
Fund Balance - Ending	\$	\$	\$ 317,145	\$ 317,145

**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>COMMUNICATION CENTER FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest	\$ 750	\$ 750	\$ 261	\$ (489)
Total Revenues	750	750	261	(489)
<b>EXPENDITURES</b>				
Protection to Persons and Property				
Debt Service	43,000	43,000		43,000
Total Expenditures	43,000	43,000		43,000
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(42,250)	(42,250)	261	42,511
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	(167,750)	(167,750)	(39,416)	128,334
Total Other Financing Sources (Uses)	(167,750)	(167,750)	(39,416)	128,334
Net Changes in Fund Balances	(210,000)	(210,000)	(39,155)	170,845
Fund Balances - Beginning	210,000	210,000	274,881	64,881
Fund Balances - Ending	\$	\$	\$ 235,726	\$ 235,726



**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>PARK FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$	\$	\$ 1,000	\$ 1,000
Charges for Services	62,250	62,250	77,319	15,069
Miscellaneous	10,000	22,868	29,841	6,973
Total Revenues	72,250	85,118	108,160	23,042
<b>EXPENDITURES</b>				
Recreation and Culture	221,233	228,177	211,615	16,562
Debt Service	89,750	95,674	94,365	1,309
Total Expenditures	310,983	323,851	305,980	17,871
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(238,733)	(238,733)	(197,820)	40,913
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	238,733	238,733	197,820	(40,913)
Total Other Financing Sources (Uses)	238,733	238,733	197,820	(40,913)
Net Changes in Fund Balance				
Fund Balance - Beginning			210,519	210,519
Fund Balance - Ending	\$	\$	\$ 210,519	\$ 210,519

**ANDERSON COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2009**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**ANDERSON COUNTY  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2009**



**ANDERSON COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>Emergency 911 Fund</b>	<b>Court Fine Courthouse Repair Fund</b>	<b>Park Land Acquisition Fund</b>	<b>AOC Escrow Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 126,610	\$	\$ 51,773	\$ 33,137	\$ 211,520
Total Assets	<u>126,610</u>	<u></u>	<u>51,773</u>	<u>33,137</u>	<u>211,520</u>
<b>LIABILITIES</b>					
Cash Shortage		28,439			28,439
Total Liabilities		<u>28,439</u>			<u>28,439</u>
<b>FUND BALANCES</b>					
Unreserved:					
Special Revenue Funds	126,610	(28,439)			98,171
Debt Service Fund				33,137	33,137
Capital Projects Fund			51,773		51,773
Total Fund Balances	<u>126,610</u>	<u>(28,439)</u>	<u>51,773</u>	<u>33,137</u>	<u>183,081</u>
Total Liabilities and Fund Balances	<u>\$ 126,610</u>	<u>\$</u>	<u>\$ 51,773</u>	<u>\$ 33,137</u>	<u>\$ 211,520</u>

The accompanying notes are an integral part of the financial statements.

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**ANDERSON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**





**ANDERSON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>Emergency 911 Fund</b>	<b>Court Fine Courthouse Repair Fund</b>	<b>Park Land Acquisition Fund</b>	<b>AOC Escrow Fund</b>	<b>Non-Major Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 179,449	\$	\$	\$	\$ 179,449
Intergovernmental		11,700		81,132	92,832
Miscellaneous			1,200		1,200
Interest				408	408
Total Revenues	<u>179,449</u>	<u>11,700</u>	<u>1,200</u>	<u>81,540</u>	<u>273,889</u>
<b>EXPENDITURES</b>					
General Government		200,015			200,015
Protection to Persons and Property	140,904				140,904
General Health and Sanitation		2,528			2,528
Debt Service				107,515	107,515
Administration				93	93
Total Expenditures	<u>140,904</u>	<u>202,543</u>	<u></u>	<u>107,608</u>	<u>451,055</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	<u>38,545</u>	<u>(190,843)</u>	<u>1,200</u>	<u>(26,068)</u>	<u>(177,166)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers From Other Funds		144,100			144,100
Total Other Financing Sources	<u></u>	<u>144,100</u>	<u></u>	<u></u>	<u>144,100</u>
Net Change in Fund Balances	38,545	(46,743)	1,200	(26,068)	(33,066)
Fund Balances - Beginning	88,065	18,304	50,573	59,205	216,147
Fund Balances - Ending	<u>\$ 126,610</u>	<u>\$ (28,439)</u>	<u>\$ 51,773</u>	<u>\$ 33,137</u>	<u>\$ 183,081</u>

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



The Honorable Steve L. Cornish, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 30, 2009. Anderson County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Anderson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Anderson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Anderson County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Anderson County's financial statements as of and for the year ended June 30, 2009, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations: 2009-1 and 2009-2.

This report is intended solely for the information and use of the Anderson County Fiscal Court and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy & Bressler, LLP

November 30, 2009

**ANDERSON COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For Fiscal Year Ended June 30, 2009**





**ANDERSON COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For Fiscal Year Ended June 30, 2009**

STATE LAWS AND REGULATIONS

2009-1    The Fiscal Court Should Pay All Expenditures Within 30 Days In Accordance With KRS 65.140

According to KRS 65.140, unless the purchaser and vendor otherwise contract, all bills for goods and services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor. During testing of expenditures, there were three (3) instances in which invoices were not paid within the thirty days as required by KRS 65.140. We recommend that the County date stamp all invoices when received and ensure that all invoices are paid within 30 days as required by KRS 65.140.

*County Judge/Executive's Response:* None.

2009-2    The Fiscal Court Should Not Have Negative Fund Balances

Our audited financial statements show negative fund balances in the Jail Fund (\$4,718), in the AEMS Fund (\$26,430), and the Court Fine Courthouse Repair Fund (\$28,439). The balances are negative due to prior audit adjustments that were not recorded by the County. According to KRS 68.110, Fiscal Courts should not have expenditures in excess of revenue. We recommend the County ensure fund balances remain positive to comply with this statute.

*County Judge/Executive's Response:* None.

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**ANDERSON COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**

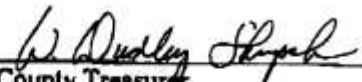


CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
ANDERSON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2009

The Anderson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
County Judge Executive

  
County Treasurer

